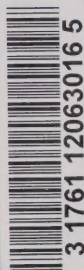


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EXHIBIT 57



BRIEF

- Submitted to -

The Commissioner  
Royal Commission on Coal (1959)

- by the -

Western Canada Fuel Association  
200 Smith Fir Building  
2205 Fir Street,  
Vancouver 9, B.C.







April 6, 1960.

The Honourable Mr. Justice Rand,  
The Commissioner;  
Royal Commission on Coal (1959),  
Palliser Hotel,  
Calgary, Alberta.

Sir:

This Association is of the opinion that in any examination of the vast energy resources of Canada, it must be apparent that, in the past, Coal has played a vital role. Given some assistance to keep the industry alive, Coal can be in a position to play the far greater role that it must eventually have to play. Without question, coal reserves are enormous. We feel, therefore, it would be a sad commentary on the affairs of Canada, blessed as it is with these tremendous reserves of energy, if they are allowed to remain comparatively ignored and unused and the present industry closed down and become unavailable in case of emergency. We feel that such a condition is unthinkable, yet such a situation is already in the advanced stages of development today.

A healthy coal industry is of benefit to many facets of the Canadian economy, and its retention should be one of the first objects of our Federal authorities. Coal would be indispensable in the event of a sudden national emergency and, knowing how vital it was in the last world war, it would have to take a similar role in the event of a further national emergency.

It is possible that, on account of increased demands, competitive fuels may so increase in price, coal would be the cheapest fuel. In the interval, if these competitive fuels are so priced as to make it difficult for coal mines to continue in operation, then, when the need arises, it would be very costly, if not impossible, to re-open the coal mines to give the fuel users a cheaper fuel. Consideration should be given to this aspect of the situation for, once this industry is allowed to die, it could not be revived easily. Our fuel situation is vulnerable when we allow one or two fuels to gain a captive market.

Haas Much

Wood

20% over  
50%

house



One method of keeping coal mines operating is to have all Government heating plants, whether National Defence, Dominion buildings or Provincial and City buildings, reserved for coal heating. We urge that the Dominion Government do all in its power to promote the use of coal in such Dominion buildings and also to encourage the Provincial Government to do the same. When planning new public buildings, preference should be given to the use of coal. This is important because the power of competitive fuels has so influenced our architects and engineers that coal has been unfairly treated as a relic of the past instead of the most reliable source of heat and energy. We cite as an indication of this tendency the report that the R.C.A.F. station at Saskatoon, presently consuming 14,000 to 18,000 tons of coal per annum, is being converted to natural gas. The Dominion Coal Board some years ago assured the coal industry that where possible all R.C.A.F. stations would be retained on coal as a measure of support to them. We therefore find it most disquieting that thought is now being given to convert to another fuel at Saskatoon and we submit that, whatever considerations are involved in this respect, they are far outweighed by the importance of retaining this R.C.A.F. base on coal and its consequent contribution to the wellbeing of this vital industry.

We feel that our Federal Government can assist greatly the coal industry by setting the example and retaining in its own institutions, in the various branches, coal-burning equipment.

May we be allowed to say that the Government policy of granting substantial subventions on coal shipped to Japan appears contradictory and enigmatic when the Government on the other hand displaces Canadian coal by the use of competitive fuels, withdrawing from the coal industry tonnages in our own country that are a real factor in keeping coal mines operating.





We submit that the marketing and distribution of coal in Canada is a positive contribution to a healthy economy, for it involves -

- (a) steady employment of large forces of labour at production centres;
- (b) important source of freight revenue for Canada's railways and employment for rail crews, etc.
- (c) larger expenditure for salaries and wages, taxes and licences in distribution centres than for competitive types of fuel; and
- (d) using the cheapest form of heat, in spite of the claims of so-called modern fuels.

We feel that due consideration should be given to the fact that approximately 70% of all moneys received in the marketing of coal is paid out in wages. This money is retained in Canada as purchasing power by Canadians of Canadian merchandise.

In contrast, it is true that once capital expenditures have been made, fuels transported by pipeline for use in Canada involve the employment of little Canadian labour and make a small contribution to a wholesome national economy. Much of the pipeline revenue, in the form of interest and dividends, is drained out of the country to non-resident holders of stocks and bonds.

We further submit that the present system by which natural gas is allowed to be marketed in Canada constitutes unequal and unfair competition for the coal industry. For instance, in the City of Vancouver the average domestic user of natural gas is paying \$1.35 per MCF, yet in this same city natural gas is being purchased by some of our largest fuel-using institutions at 35¢ per MCF - 75% off the price. (This can be expressed in another way by saying that the price to the domestic consumer is being marked up 300% over the large consumer price). We know that quantity discounts are common but we have no knowledge of a bulk product being sold at so huge a discount. Competitive fuels, coal and oil, seldom carry a quantity discount of even half of 75%. When such a discount is used to eliminate competition and it is done at the expense of the small consumer, then we submit it is not in the best interests of our economy and should not be permitted to a Public Utility Company.

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good  
for coal



Recently, when the representatives of the B.C. Electric appeared before the Public Utilities Commission in connection with their plans to bring natural gas to Victoria, they stated that this service could only be accomplished with a substantial sum of money. They further stated that it would be tragic if the B.C. Electric were to spend these considerable funds in the belief it would be able to sell natural gas at a certain price, and were to find it could not sell economically at those prices because the Pipeline Company had miscalculated and had to raise its rates to the B.C. Electric to keep going. If that happened various courses would be open to raise the rates to gas consumers, which might result in smaller sales and a still worse situation for both the Pipeline Company and the B.C. Electric, or raise its rates on its electricity consumers to compensate for the deficiency of revenue in the gas service. All of the foregoing was stated by the B.C. Electric representatives in Victoria. We are compelled to ask what special need is there to have natural gas in Victoria that the users of electrical energy should be expected to pay more for this power in order that it may replace coal as a fuel?

Another important point is that this low price on gas does not appear to be based on actual cost, but seems to be the dumping of energy at below-cost to serve the immediate purpose of the gas producers. The Canadian Government will not permit dumping at low prices of foreign merchandise into our markets, recognizing it as an evil and upsetting to the nature of our economy; yet this same practice is seemingly being allowed to be carried on with one of our own natural resources without sympathy or regard to the damage it is doing to other industries and sections of our economy. This situation is slowly but surely undermining and destroying our vital coal industry from production to distribution centres. Particularly is it being felt by the Retail Coal Dealers represented by this Association. We strongly urge, therefore, that an examination be made immediately of the present marketing methods of natural gas to determine how it must meet on a fair and equal basis the competition of other fuels, and coal in particular.

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to this

Europe



As a further aid to maintaining markets for coal we recommend that consideration be given to the establishment of special low freight rates to apply on small size coals, the consumption of which is largely confined to large-tonnage industrial and institutional customers; similar to those concessions already being granted by some American railroads on traffic of this nature.

Failing this, we recommend consideration be given to a subvention programme to apply in Western Canada on the movement of large, regular quantities of coal for industrial consumption.

It has been our opinion that, in efforts to increase the output of electrical energy by development of hydro, oil and gas fueled thermal plants, the part that coal can play in this development has been overlooked or disregarded because of the tremendous sales pressure to use oil or gas. The recent announcements in British Columbia of the purchase of coal reserves for possible use in thermal plants just brings into focus the true position of coal as the fuel for thermal plants. Throughout countries similar to Canada that have abundant coal reserves recent developments demonstrate that energy can be produced at lower cost with coal than with competitive fuels - oil, or gas, or hydro, or nuclear. If coal were used in B.C., generating costs would be less and there would be no problem of flooding of large areas or destruction of fish spawning waters. Most important, there would be a larger employment of labour with consequent larger payrolls for B.C. year after year, as compared with the large initial expenditure and then very small yearly payrolls.

With such an arrangement, mines producing coal for thermal plants would have coal available for use of smaller consumers and householders, and enable dealers to keep the business of those preferring to use coal.

How? 7



As was stated in a Vancouver Province editorial recently, in commenting on the statement of Mr. R. D. Perry, Vice-President and General Manager of Consolidated Mining & Smelting, that "I sometimes wonder whether we are being lulled into thinking all we have to do is borrow several hundred million dollars at high rates of interest, engage some large construction firms to spend this money, and then sit back and watch the money roll in". The Province said "His words are a reminder that the ultimate cost to the consumer is still a vital yardstick in assessing the practicability of any hydro project."

We would summarize our recommendations as follows -

- ✓ 1. consider the vital part coal has played and could continue to play in the economy of our country;
- ✓ 2. keep the coal industry healthy in order to meet national emergencies;
- ✓ 3. prevent the decay of the coal mining industry because of difficulty in reviving;
- ✓ 4. have our Federal, Provincial and Civic governments use coal in their buildings;
- ✓ 5. urge our Governments to give preference to coal;
- ✓ 6. consider assisting coal used in Canada on the same basis as coal shipped to Japan;
- ✓ 7. acknowledge the contribution coal makes to the employment situation and to keep the money within our country;
- ✓ 8. examine present marketing methods of natural gas and determine how they should compete on a fair and equal basis with coal;
- ✓ 9. give consideration as to how far the freight structure may be amended to assist coal movements;
- ✓ 10. give serious consideration to the greater part that coal may play in thermal plants;
- ✓ 11. attack our fuel problem with the knowledge that coal has the largest reserves and can be our cheapest fuel.

We firmly believe that Canada, in keeping with her neighbour to the south, will have tremendous industrial growth in the next decade, and that, as is already evident in Eastern Canada and the United States, coal will be called upon to supply new developments. For this reason we think the Commission should recognize that assistance be given to the coal industry in Canada wherever possible, particularly during the intervening difficult years.

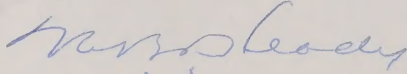




All of this is respectfully submitted, and represents the beliefs of a group of men who have a long experience in serving the requirements of Canada's fuel users, and have the conviction that our coal reserves and our coal industry <sup>are</sup> is a tremendous asset to Canada.

Respectfully submitted,

WESTERN CANADA FUEL ASSOCIATION

A handwritten signature in blue ink, appearing to read "W. B. Heady", is written over the typed name.

W. B. Heady,

President.









